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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Second progress report on the enterprise resource planning project and revised estimates under section 28A, Office of the Under-Secretary-General for Management, of the programme budget for the biennium 2010-2011, and under the support account for peacekeeping operations

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 64/243, in which the Assembly requested the Secretary-General to continue to ensure that the Assembly is kept informed, on an annual basis, of the progress of the enterprise resource planning project.

Umoja (Swahili for "unity") is a continuous organizational transformation that will enable high-quality and cost-effective service delivery anywhere in the world in support of the evolving mandates of the United Nations Secretariat. In the past year, the Umoja team has made considerable progress towards realizing this vision.

Notably, it has finished the detailed design of future business processes that included hundreds of hours of staff subject matter expert participation (the related design documentation was in draft form, being validated with process owners at the time of writing); produced an updated benefits case that verifies qualitative and quantitative value opportunities published in 2009; launched change management and communication programmes; analysed potential changes to the Organization's rules, regulations, policies and procedures to optimize business processes; and expanded its database of existing information systems. It is analysing which information systems may be replaced by or interfaced with Umoja, and is considering the consolidation of functions to enhance the quality of service and further lower operational costs.

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The final part of the design phase is now under way. New United Nations processes and requirements will be expressed in the technical language of the future software system, producing a "business blueprint" that completes preparation for building the Umoja system.

Building on the process improvements and the flexibility that global information consolidation will provide, an initial assessment confirms that the United Nations may also achieve significant annual benefit from a revised service delivery structure that centralizes specific functions in shared service centres and centres of excellence. The assessment's positive outcome warrants further analysis, which will be reported in due course.

Despite challenges during the current reporting period, it is still projected that Umoja will deliver within the time frame published in the first progress report (A/64/380). The two biggest issues have been the protracted negotiations to procure the preferred enterprise software package, which has now been completed, and the difficultly in filling staffing positions quickly enough. As at 31 August, 46 out of 80 staffing positions had been filled.

Since the submission of the previous progress report, Umoja has continued to receive good support and guidance from its Steering Committee. Members of the Committee have facilitated the work of Umoja whenever possible and have taken decisions in a timely manner.

The Umoja team also continues to collaborate closely with complementary initiatives working in parallel to improve the United Nations administrative functions. The present report provides a brief update on how Umoja is handling these numerous cross-cutting issues and opportunities.

As requested by the General Assembly in its resolution 64/243 for "lower-cost options" for Umoja, efforts have been made to run the project at lower cost in the past year, while also looking for opportunities to reduce cost projections. Progress in that regard is summarized in the report, but is incremental in nature. No dramatic cuts can be made at this stage while the project is in the midst of execution without substantially altering the plan and approach that has been approved by the Assembly. Therefore, the overall level of funding required remains unchanged.

The actions requested of the General Assembly appear in section VI.B of the report. The Assembly is requested to take note of the progress in the implementation of the Umoja project; to approve a complement of a total of 90 temporary posts for the Umoja project under the special account for recording income and expenditure of the project; to appropriate an amount of $12,416,300, initially approved in resolution 64/243 as commitment authority; and note that the respective shares of the regular budget and the support account for peacekeeping operations of the future remaining requirements will be included in the respective budgets for respective financial periods.

It may be recalled that, although 36 general temporary assistance-funded positions were previously requested as new temporary posts in the first progress report (see A/64/380, para. 94), there was no explicit approval by the General Assembly to create them as temporary posts, and this request is therefore reiterated. Moreover, the Assembly is requested to approve the redeployment of resources from contractual services to fund 10 temporary posts to: (a) support the programme and project management function of the Organization, and (b) strengthen the delivery

capacity of the Umoja team, bringing the total number of temporary posts for the project to 90. The cumulative savings achieved from this and other incremental efforts will be reported at a more mature phase of the project implementation.

In the meantime, Umoja is exercising the utmost prudence in utilizing the resources approved by the General Assembly, as would be expected of a team whose aspiration is to increase efficiency and improve resource management throughout the Organization.

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I. Introduction

1. The overarching principles guiding Umoja are summarized in the following vision statement:

> Umoja is a continuous organizational transformation, enabling high-quality, cost-effective service delivery for evolving United Nations mandates, anywhere in the world. By updating skills, harmonizing practices and applying global technology, Umoja maximizes the productivity of the United Nations human, financial and material resources. Umoja transcends organizational, geographical and functional barriers, fostering a culture of transparency, accountability, empowerment, sharing and unity across the United Nations.

2. Umoja is the cornerstone of the United Nations administrative reform effort. It originates in the General Assembly's decision to replace the Integrated Management Information System (resolution 60/283, sect. II, para. 4) and presents a once-in-a-generation opportunity to modernize the Secretariat's working methods, technological infrastructure and staff skills.

3. In response to the decision of the General Assembly, the Secretary-General proposed in his report to the Assembly (A/62/510/Rev.1) to implement a global enterprise resource planning (ERP) solution, and thereby seize the opportunity for substantial administrative modernization. Subsequently, the General Assembly approved a governance framework, seed funding, and the creation of a multi-year account (resolution 63/262, sect. II, paras. 7, 18 and 25, respectively). The initiative was named "Umoja" — Swahili for "unity" — in recognition of the unity and harmonization that the entire Organization will enjoy in the management of its human, financial and material resources.

4. The first progress report on the enterprise resource planning project (A/64/380) included an initial business case showing the qualitative and quantitative benefits the United Nations could expect once the system[1] was fully implemented and stabilized; an update on progress achieved in the preparatory and design phases; an analysis of several implementation strategies for consideration by the General Assembly; a request for resources for the biennium 2010-2011 and projections for requirements through to the end of the project; and lessons learned from similar initiatives.

5. The General Assembly endorsed the Secretary-General's proposal to deploy Umoja through the "pilot first" option, approved funding for the biennium 2010-2011, noted that remaining requirements would be included in subsequent budget proposals for the regular budget and the support account for peacekeeping operations for the financial periods until 2013, and requested that the Secretary-General report annually on the Umoja project's progress (resolution 64/243, paras. 113, 114, 116, and 117, respectively).

6. In accordance with paragraph 117 of resolution 64/243, the present report presents a review of the expected quantitative and qualitative benefits of Umoja (section II), a progress update (section III), an overview of cross-cutting issues and opportunities (section IV), and updated resource requirements for the bienniums

[1] The term "system" refers to a computerized information management system, including redesigned business processes, and the application of updated staff skills and accepted best business practices.

2010-2011 and 2012-2013, as well as cost containment efforts (section V). It also responds to reporting requests raised by the Advisory Committee on Administrative and Budgetary Questions in its tenth report on the proposed programme budget for the biennium 2010-2011 on information and communications technology (A/64/7/Add.9).

II. Benefits of Umoja

7. As reported to the General Assembly at its sixty-fourth session, the Umoja team analysed current business processes, documented functional requirements, and identified opportunities for improvement. Input was gathered from hundreds of staff members (referred to as subject matter experts) to validate these opportunities and quantify the benefits, while extensive data were also collected and analysed.

8. This work produced the initial business case, which estimated conservatively that, provided that several key success factors are met and maintained, Umoja could deliver in the range of $134 million to $224 million per annum in overall quantitative benefits[2] following successful global deployment and stabilization.

9. It was expected that the business case would evolve as more information became available through detailed design. Accordingly, the analysis has been updated. The present section highlights changes to the quantitative and qualitative benefits and provides caveats to realization. It also introduces the possibility that implementing a new service delivery model across the United Nations Secretariat could provide additional quantitative benefits.

A. Updated benefits

10. Each of the quantitative and qualitative value opportunities presented in the business case were reviewed for feasibility and currency of data, and new benefits were analysed. The vast majority of the initial quantitative benefits were reconfirmed. Seven new benefits were quantified and, in a few instances, previous benefits were recalculated with revised baseline data or benchmarks. Nine additional qualitative benefits were also identified (for details, see annexes I and II to the present report).

[2] See table 1 below for high-level summary, and annex I to the present report for detailed calculations.

Table 1
Updated summary of potential annual quantitative benefits, by functional area[a]
(Millions of United States dollars)

	Revised benefits		*Original benefits*		*Change*	
	Low-range estimate	*High-range estimate*	*Low-range estimate*	*High-range estimate*	*Low-range estimate*	*High-range estimate*
Component	*a*	*b*	*c*	*d*	*e=(a-c)*	*f=(b-d)*
Supply chain/procurement/logistics	46.3	62.2	49.2	74.7	-2.9	-12.6
Technology and data management	37.3	64.9	34.0	59.3	3.3	5.6
Human resources	28.5	44.5	24.3	44.1	4.2	0.4
Central support services	23.1	40.7	20.2	34.9	2.9	5.8
Finance	6.2	10.5	6.2	10.5	-	-
Total	**141.3**[b]	**222.6**	**133.9**	**223.5**	**7.5**	**-0.8**

[a] See annex I for detailed calculations.
[b] Difference is due to rounding.

11. As shown in table 1 above, the low range of the anticipated quantitative benefits is now estimated at $141 million, an increase of $8 million, while the high range essentially remains unchanged at $223 million.[3] These quantitative benefits are expected to be accrued only after full implementation and stabilization, as a result of the refinement of business processes, significant improvement in the availability and quality of information, reduction in manual effort, and building of staff skills.

12. It should be reiterated that all figures presented in the business case are estimates. While obtained with robust analysis, expert advice and experience, they are built on a number of assumptions and on existing data that are not always reliable, owing to the limitations of current information systems.

13. As underscored in the first business case, it is reasonable to expect benefits within the ranges presented, but they are potential benefits and should not be projected as savings at this time. They should not be considered in the formulation of future budgets until Umoja is fully deployed and stabilized, and the effects have been accurately measured.[4]

14. Moreover, until decisions are taken by the Organization on its future service delivery model (see also sect. II.C below), and those decisions are implemented and stabilized, it is not possible to project with precision where clerical and administrative resources might be released to perform higher-value activities.

[3] Estimated at $223,464,000 initially, now projected at $222,587,000. See annex I for detailed calculations.

[4] This is projected to happen in the second half of 2015. Most quantitative benefits will accrue gradually until that time, but some qualitative benefits will be felt soon after deployment.

B. Conditions and timing of benefit realization

15. Qualitative and quantitative benefits of this magnitude can only be realized with the sustained and active support of all stakeholders. This includes, but is not limited to, strong political and financial backing from Member States, leadership by senior United Nations officials to ensure that Umoja receives the full support and participation required, and the willingness of all managers and staff to embrace improved working methods.

16. Among other things, it is also necessary for the Umoja team to monitor the quality of all deliverables, and for the Umoja leadership and governance structures to ensure vigilant oversight and risk mitigation over the life cycle of the project. Moreover, the Umoja team must engage with the Organization in its entirety to create a shared vision and ensure that knowledge is effectively transferred from specialist external resources to the United Nations staff. Wider education and training should not be limited to the system alone, but rather encompass entire processes.

C. Further opportunity for benefits: service delivery

17. The Umoja team, assisted by hundreds of staff members, has designed the Secretariat's future state to allow transactions to be performed with a high degree of consistency, quality, security and control by authorized staff anywhere in the world, locally, regionally or centrally.

18. Thus, an administrative reform initiative such as Umoja, with newly harmonized business processes, redefined roles and responsibilities, and an integrated global information system, presents a perfect opportunity to consolidate select administrative services to one or a few locations, and eliminate unnecessary duplication.

19. This shift is common in both public and private sector reforms. In international organizations, for example, new service delivery models have been adopted in tandem with the implementation of enterprise resource planning systems, including at the United Nations Development Programme (UNDP), the World Health Organization, the Office of the United Nations High Commissioner for Refugees, the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations and the International Organization for Migration, with positive results.

20. The General Assembly recently endorsed the Global Field Support Strategy of the Department of Field Support, which aims to transform service delivery to field missions (see resolution 64/269). The support strategy utilizes global and regional service centres to take over the majority of operational and transactional functions, leaving only location-dependent activities to be performed in specific mission locations. Umoja's underlying principles are aligned with those guiding the Global Field Support Strategy. Consultation between the Umoja team and the Department of Field Support ensures a coherent service delivery approach.

21. Implementing a world-class service delivery model means structuring an organization to provide services in a cost-efficient and operationally optimal manner. Adopting a rationalized and United Nations-appropriate service delivery

approach as a formal practice would help to reduce duplicative efforts across Secretariat entities and further expand the benefits of Umoja. Several core processes could be executed by specially trained staff grouped in shared service centres,[5] while policy formulation and similar strategic activities and decision-making could be performed in centres of excellence,[6] allowing local staff to focus on activities that are specific to their own location.

22. The experiences of commercial and non-commercial organizations demonstrate that such structural changes have delivered qualitative and quantitative benefits such as improved governance, reduced costs, better service levels and performance, improved data quality and enhanced risk management.

23. The preliminary findings of an initial service delivery opportunity assessment performed by Umoja team members and assisted by consultants suggest that the United Nations could benefit substantially from grouping services in shared service centres and for consolidating decision-making and policymaking in centres of excellence.

24. To analyse this opportunity, a detailed service delivery assessment across the entire Secretariat, including field missions, is planned. It will review the current operating environment, identify potential benefits and areas of improvement, and develop a thorough business case and implementation plan. Extensive consultations across the organization will be undertaken during this process. Any decisions made with respect to service delivery would be integrated with the Umoja design and subsequent roll-out (see also para. 106 below). Moreover, opportunities to leverage service centres built by other United Nations system entities will be analysed in the service delivery business case.

III. Progress

A. Overall Umoja timeline

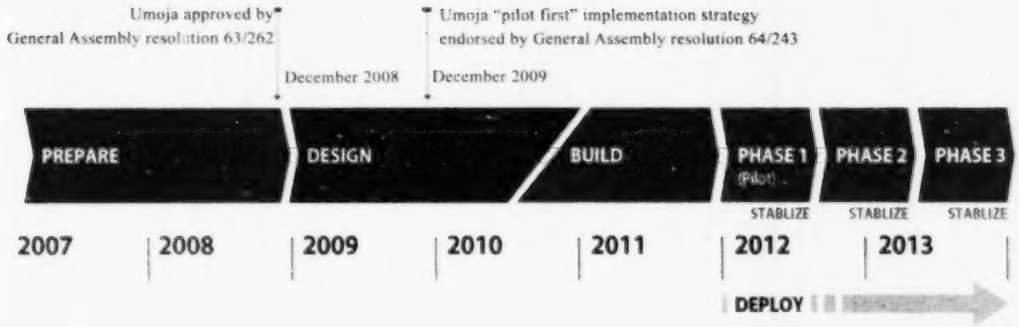
25. As illustrated in figure I below, Umoja's high-level activity timeline is divided into four major phases: preparation, design, build and deployment. The preparation phase was completed in February 2009, and design was started in the same period.[7] At the time of writing, the final design activities were under way, and preparation for the build phase was already started in parallel.

[5] Shared service centres consolidate location-independent activities to standardize delivery, build economies of scale, and free front-line staff to perform more substantive activities.

[6] Centres of excellence build expertise to manage complex strategic and analytical activities, for example, policy formulation, trends and performance analysis.

[7] Note that owing to the multitude and complexity of tasks, boundaries between phases are not always as distinct as the diagram depicts, and specific activities often cross those boundaries. It is often more efficient to start select activities of a new phase while still completing those of a previous phase.

Figure I
Updated Umoja timeline



26. While considering the first progress report (A/64/380) at the sixty-fourth session of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions made a request that an overview of the functional and geographical scope of the project, a more detailed timeline, and an overview of required resources should be provided in future progress reports (see A/64/7/Add.9), para. 72), which was subsequently endorsed by the Assembly in its resolution 64/243.

27. It should be noted that Umoja will be deployed throughout the Secretariat,[8] including in field operations. Its functional scope encompasses most administrative and support functions in human resources,[9] finance,[10] supply chain[11] and central support services.[12] More than 270 processes are included in the design. A more detailed timeline for the Umoja project and an overview of required resources are presented below in figure II and table 2, respectively.

[8] As outlined in the Secretary-General's bulletin ST/SGB/1997/5, entitled "Organization of the Secretariat of the United Nations".

[9] Payroll, organization management, position management, time management, and workforce management (e.g., personnel administration, entitlements and insurance); e-recruitment and e-learning are out of scope.

[10] Cash management and treasury, cost and management accounting, financial accounting (including accounts receivable, accounts payable, fixed assets and inventory, and general ledger processes), budget formulation, budget implementation, grants, and strategic enterprise planning.

[11] Plan and manage, source to acquire, receive to distribute, and employ to dispose.

[12] Event management, facilities management, service management, programme and project management, services to public and staff, and travel management.

Figure II
Detailed Umoja timeline[a]

[a] See notes on the following page.

Notes	
1.0 Governance/legislation	
1.1 Reports to the General Assembly	Report A/62/510/Rev.1 presented the initial proposal of the Secretary-General; progress reports are submitted annually, starting from the sixty-fourth session.
1.2 General Assembly's approvals	In resolution 63/262, the General Assembly approved the governance framework, $20 million seed funding, and creation of a multi-year account. In resolution 64/243, the Assembly endorsed the "pilot first" deployment option, and requested annual progress reports.
1.3 Steering Committee	Members provide oversight, guidance and support to the Umoja Chair. See Umoja governance structure for detail.
2.0 Functional tasks by phase	
2.1 Preparation	Team formation, establishment of governance, selection of service providers and tools, collection and analysis of operational requirements, collection and evaluation of opportunities for improvement as well as risks, and documentation of existing business processes and systems ("as-is"). Preparation activities began in 2007, executed by a skeleton team.
2.2 Design	Three stages: initial, detailed and final design, during which initial business case is developed; fit-gap analysis is completed; the future solution ("to-be") is thoroughly documented in the form of process and data maps; and the change to the Organization's workflows, roles and responsibilities is measured and documented.
2.3 Build	Development of prototypes, configuration of solution in the target software.
2.4 Testing	Extensive testing of solution: unit and integration testing of functional modules with forms, reports, interfaces, conversions, extensions and workflow (FRICEW).
2.5 Deployment	Transition from old systems and working methods, to new ones. There will be three phases of deployment to different geographic locations: pilot, phase II and phase III.
3.0 Technical tasks by phase	
3.1 Preparation	Technical analysis and strategies, support of software purchase, data cleansing, preparation for decommissioning of existing systems, support to interfaces and conversions, cut-over and decommissioning.
3.2 Design	Support of functional design, technical architecture design and dimensioning, design of FRICEW elements, technical specifications, etc.
3.3 Build	Support of configuration, implementation of technical infrastructure, plus the technical development of FRICEW.
3.4 Testing	Testing of technical infrastructure, including load-testing, and of FRICEW components (which feeds into functional testing); readiness for production.
3.5 Deployment	Preparation for deployment, technical cut-over, ongoing technical support from the first launch.
4.0 Change management	
4.1 Communications	Examples of activities include awareness-raising, education, communication with subject matter experts, outreach to Member States, expectation setting, etc.
4.2 Transition planning	Mapping of old to new roles and responsibilities, planning of systems authorization (access control), management of transition issues, and identification of skills and training needs (which feeds into training).
4.3 Training	Development of training materials; training of the user community in new roles and processes as well as how to use the system.
4.4 Deployment	User support to pilot locations available upon launch.

Notes	
5.0 Project management	
5.1 Day-to-day management	Ongoing daily and weekly meetings, plus planning sessions.
5.2 Oversight and quality assurance	Delivery review, performance review, risk analysis and mitigation, liaison with external auditors.
5.3 Procurement	The systems integration services contract was divided in two, corresponding to project phases: (i) design, and (ii) build and implementation.
5.4 Recruitment	Includes recruiting staff (through vacancy announcements and temporary vacancy announcements), independent consultants, and subject matter experts. (An additional 10 staffing positions have been proposed for the period 2011-2013, which would bring the total number of staffing positions to 90).

Table 2
Required resources, by phase

	Prepare	*Design*	*Build*	*Deploy phases I-III*
Umoja staff, full-time equivalents[a]	30	44	90	90
Subject matter experts (full-time equivalents)	not applicable	44	66	66
Individual Consultants (full-time equivalents)	2	6	12	8
Other costs[b] (thousands of United States dollars)	2 776.7	40 791.8	90 893.0	75 853.2

[a] Note that one United Nations full-time equivalent equals 10.6 work months (21.75 working days per month).

[b] Other costs include: travel of staff, contractual services, general operating expenses, supplies and materials, and furniture and equipment.

B. Design phase

28. The design phase maps how the United Nations will improve its working methods; determines the technical architecture of the future system; documents how the Organization's workflows, roles and responsibilities will change; and develops the plan for the remaining phases. This phase was divided into three parts:

- Initial design, which concluded in July 2009, produced the preliminary business case and high-level design
- Detailed design, in which the first draft of design documents was completed in May 2010, produced a set of re-engineered processes.[13] Validation is ongoing
- Final design, which started in July 2010, will produce a business blueprint and prepare for the build phase.

29. Final design would normally have followed the detailed design immediately, but was suspended for three months pending the completion of negotiations with the enterprise software vendor. This acquisition was complex, and negotiations to ensure the best procurement outcome took longer than anticipated. Committing to final design work without knowing the target software would have exposed the Organization to significant waste of resources in the event of non-signature of the contract. Such prudence risked delay, but work was restructured to pull forward non-software-dependent activities that would otherwise have been completed later, such as addressing policy issues and organizational interdependencies. The overall impact on the timeline has been mitigated thus far.

30. Design activities and deliverables completed to date include: workshops involving hundreds of subject matter experts to develop and validate re-engineered business processes; internal review to ensure process completeness, consistency and harmonization across functional areas; identification of policies, procedures, rules and regulations that require updating to optimize the solution; consultations to secure support for those changes from the business community (still under way, see sect. IV.A below); business case review; and initial opportunity assessment on the United Nations service delivery.

[13] Note that the initial and detailed design deliverables are software-independent.

31. Technical activities during design include groundwork for: reporting, data conversion, application-level security, portal solutions, data governance, infrastructure, technical architecture (including sandbox, development, quality assurance, production, disaster recovery, and stress testing environments), as well as analysis of the potential impact on the network; development of a catalogue of forms, reports, interfaces, data conversions, extensions and workflows, known as "FRICEW" elements; development of prototypes to validate critical design elements; and set-up of operational sandbox and development environments. The Umoja technical team is liaising with the Office of Information and Communications Technology and the Information and Communications Technology Division of the Department of Field Support, as needed, in particular, to ensure that telecommunications requirements are understood and appropriate provision is made to ensure effective implementation.

C. Change management

32. "Change management" is a structured approach for managing the process of organizational evolution. It facilitates an organization's move from its current or "as is" state to its desired future or "to be" state by supporting all levels of personnel in transitioning to new ways of working.

33. The Umoja change management team is responsible for all activities related to the organizational change process. This is being managed in a consistent and integrated manner throughout all phases of the project through planning and preparation, communications, and training.

Preparing for change: developing and engaging the Umoja stakeholder network

34. Over the past year, the change management team engaged a broad range of United Nations staff in Umoja activities. That effort mobilized key stakeholders (subject matter experts, business owners and process owners) as often as possible in the design of the Umoja solution. Respecting the global nature of Umoja's scope, more than half (54 per cent) of the experts came from duty stations outside New York.[14]

35. Within the reporting period, the change management team established three major components of Umoja's global stakeholder network:

- An Umoja change management presence was established in Geneva. During the design phase, over 100 Geneva-based subject matter experts contributed to the solution
- At the Department of Field Support Umoja Leaders Workshop, held in Brindisi, Italy, in May 2010, the change management team established a first group of 25 Umoja Leaders in the field, representing 23 missions. These leaders are now the focal points and coordinators for Umoja activities in their respective duty stations. The workshop prepared them to support implementation by introducing Umoja's core design concepts, guiding principles, and project timeline. More such events are planned

[14] The Umoja team hosted or presented at 260 individual design or outreach events. More than 837 United Nations staff members representing 49 duty stations have participated in Umoja-related activities. This represents a total of 6,689 person days of participation by non-Umoja staff.

- Umoja is linking information and communications technology, supply chain and other global staff groups into communities of practice that interact using online information-sharing tools (including Umoja NET).[15] This provides a vehicle for the exchange of ideas and data, and the coordination of community activities to support Umoja implementation.

36. As Umoja moves from the design phase to the build phase, the change management team will continue to proactively engage and mobilize stakeholders, widening the network of Umoja leaders to cover the Secretariat. The team tailors its approach to each stakeholder group, using face-to-face interaction where possible to engender true ownership of Umoja by all stakeholders.

37. In addition to running its own events,[16] Umoja consistently takes advantage of the United Nations regular calendar of staff conferences, informing and involving staff to the maximum extent. This approach allows specific stakeholder communities to be targeted, and also leverages travel costs already being incurred for such conferences.[17]

Communications

38. Umoja uses a variety of communication tools to ensure that different groups and profiles of staff across the globe are engaged appropriately. To the greatest extent possible, Umoja will engage all its stakeholders directly, either in person or through videoconference.

39. In addition, the change management team has established multiple new communication pathways, using both traditional and online media. Umoja NET enables direct online interaction with Umoja's stakeholders, from subject matter experts to Steering Committee members. At the same time, Umoja's public website (www.unumoja.org) provides more general information, including the "Umoja Times" newsletter. Umoja publishes articles regularly on iSeek to ensure outreach throughout the Secretariat. "Umoja Wire" is an online news feed that provides news and information about current project events.

[15] Umoja NET is a secure web space that enables direct interaction between the Umoja team and stakeholders throughout the Secretariat. Umoja NET allows stakeholders to coordinate and track their participation in Umoja events, access Umoja design materials and deliverables online, and interact directly with the Umoja team on a range of topics.

[16] Umoja-organized outreach events include the workshop for Programme and Project Managers (Geneva), two joint International Public Sector Accounting Standards/Umoja workshops (Geneva and New York), and orientation briefings in several duty stations. Umoja continues to hold ongoing video teleconferences with offices away from Headquarters and the regional commissions.

[17] Major events at which Umoja has presented include: the Human Resources Chiefs Conference (Bangkok), the Chief Acquisition Officer Conference (Vienna), the Department of Field Support Conference (Entebbe), and the Chief Financial Officer and Chief Procurement Officer Conferences (New York).

Training

40. Acceptance and efficient use of the Umoja solution will be based on a comprehensive learning programme for end-users. The change management team is planning a robust, cost-effective, phased learning programme.

41. During deployment, end-user training will commence approximately six weeks before the launch for each site. Staff will have the opportunity to acquire role-based Umoja skills and knowledge. The programme will consist of instructor-led, role-based classroom learning, complemented by an interactive web-based training approach for self-study. Classroom-based learning will be delivered in a just-in-time manner to ensure maximum comprehension and retention of learned content and skills.

42. As the International Public Sector Accounting Standards (IPSAS) will be implemented simultaneously with Umoja, integrated end-user training strategies and materials will be jointly developed and delivered in a manner that is consistent with the overall training programme of the Secretariat.

D. Update on existing systems, customization and reporting

43. An estimated 690 systems are candidates for replacement by Umoja[18] while approximately 200 more systems will require interfaces to it.[19] As many interfaces as possible will use generic solutions.[20]

44. Based on the process analysis and requirements review completed to date, and assuming the Organization's ability to adapt to new working methods, no essential customizations to the core software code have yet been identified. However, a number of extensions[21] to the system will be required to provide an optimal and United Nations-compatible solution. It is possible that two significant extensions

[18] A comprehensive cataloguing and analysis of all existing software systems is being carried out in tandem with the Office of Information and Communications Technology and the Information and Communications Technology Division of the Department of Field Support. Major systems to be replaced include the eight instances of IMIS; several Department of Field Support systems, including Galileo (asset management), Mercury (field procurement), and SUN (finance); ProcurePlus (Headquarters procurement system); and MATRIX (field leave recording). Hundreds of other ad hoc, administrative, and special purpose applications will also be replaced or obviated by Umoja.

[19] These systems include internal United Nations systems and external systems from agencies such as UNDP. The main internal interfaces are Inspira; Enterprise Identity Management System; enterprise content management; customer relationship management System (iNeed); air transport management; ration management; fuel management; Intranet and Internet portals; and security, medical, medical insurance, event management, facilities management, telephone billing, and visa management. The main external interfaces are the UNDP ATLAS, the United Nations Joint Staff Pension Fund pension system and reference data from the International Civil Service Commission.

[20] Examples of anticipated generic interfaces include security, medical, and telephone billing. These will standardize input, and reduce development and support costs, but are not applicable in every case.

[21] An ERP solution can be supplemented with external programmes, referred to as "extensions". These provide additional functions to those in the core software, to which they "plug in" without changing it. Therefore they do not impact software upgrades, and are far less expensive to maintain than customizations, which do change the core software.

may be required, pending further analysis during the final design phase: (a) a parallel ledger, to cope with the United Nations dual budgetary cycles;[22] and (b) a solution to the United Nations requirements in material tracking.[23]

45. Business intelligence and reporting are key to deriving value from the system's centralized and harmonized data. Solutions for operational reporting, tactical planning, and decision-support systems are being planned and will be developed during the build phase. Solutions are also planned for the provision of online analytical reporting for Member States, donors, and other stakeholders.

E. Assessment of organizational arrangements (Umoja governance) and oversight

46. The Umoja governance structure, which was initially presented in the report of the Secretary-General (A/62/510/Rev.1), was updated and incorporated in the report of the Advisory Committee on information and communications technology (A/63/487 and Corr.1 and 2, annex VI). The structure has since been revised to reflect the evolution of its composition, structure and nomenclature, and is set out in annex III to the present report.

47. Umoja's progress continues to be monitored by the Management Committee. As the initiative moves forward and decisions must be taken concerning issues such as administrative policy and organizational structure, the Management Committee's involvement will become more critical.

48. The Director of the Umoja project is well supported by the governance structure. He has direct access to the heads of ,the major organizational service providers (most members of the Steering Committee, including the Under-Secretary-General for Field Support), and particularly his two reporting officers, the Under-Secretary-General for Management (Chair of the Steering Committee) and the Assistant Secretary-General/Chief Information Technology Officer (who advises on day-to-day project management and technology issues).

49. The Steering Committee continues to provide oversight, guidance and advice to the Chair. Within their respective areas of responsibility, members of the Steering Committee support Umoja, both as clients using the Organization's business services, and as partners collaborating to improve business practices. As recommended by the Advisory Committee (see A/64/7/Add.9, para. 58) and subsequently endorsed by the General Assembly in resolution 64/243, the

[22] The two major budget cycles of the United Nations are separate and asynchronous: the regular budget is biennial from January of even year to December of odd year, while the peacekeeping budget is annual from July of one year to June of the following year. Since best practice dictates that public sector organizations unite under a single entity and with a single fiscal year, the United Nations would need to converge all cycles. That being impracticable, the Umoja design will address these unusual circumstances in the most cost-effective manner — currently believed to be the use of a "parallel general ledger". This will be verified through prototyping in the fall of 2010.

[23] The United Nations requires fixed assets to be managed in the same manner as material parts in inventory. It is currently under study whether the selected enterprise software will allow fixed assets to be planned, stored, issued, transported and repaired and still be capitalized and depreciated in accordance with IPSAS standards. If not, an extension to the software will be required.

Department for General Assembly and Conference Management is represented at the Steering Committee.

50. As emphasized in the first progress report, a Steering Committee with representation from every major entity across the Secretariat would not be practical. It is important to note that representation on the Steering Committee is not a function of inclusion or non-inclusion in the design process or future phases of the project. Indeed, the Umoja team undertook extensive outreach in the preparatory and design phases to ensure that the needs of all stakeholders and advisory groups[24] were captured. Moreover, process owners and business owners have been closely involved in the resolution of issues related to potential changes in policies and/or procedures (see also sect. IV.A below).

51. In the build and deploy phases, the involvement of advisory groups will continue to ensure that input from all future user communities is captured and considered. In particular, these groups will participate in user acceptance testing[25] as well as in the review of changes in structures, roles, practices and processes in each office, department or mission.

52. Oversight of the project is conducted at four major levels:

- Internal project oversight is the responsibility of the Umoja Project Management Office,[26] and quality assurance of progress and deliverables is undertaken in tandem with the systems integration partner.[27] The performance of the systems integration partner itself is reviewed regularly by senior project staff
- A third-party quality assurance review is undertaken periodically by a strategic advisory partner, also contracted to the project and supervised by the Project Management Office
- The Director's reporting officers (the Under-Secretary-General for Management and the Assistant Secretary-General/Chief Information Technology Officer) provide day-to-day approval of decisions within their areas of authority, while the Management and Steering Committees provide periodic oversight and become involved in any decisions that have strategic impact on the Organization, or that involve significant expenditures
- Oversight bodies such as the Office of Internal Oversight Services, the Board of Auditors and the Joint Inspection Unit also play their traditional roles.

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[24] Process owners (senior managers entrusted by Steering Committee members with primary decision-making authority for cross-functional and functional processes), Business owners (senior executives/managers selected by the Steering Committee as representatives of major organizational entities in the United Nations Secretariat) and subject matter experts from all representative areas of the Organization.

[25] User acceptance testing is part of the quality assurance strategy. It will take place after technical testing but prior to deployment, and will allow future users to simulate real transactions in the system in order to filter out any flaws in business logic or functionality.

[26] The Project Management Office is made up of the Director, the Project Management Officer, the Senior Administrative Officer, and the six team leaders.

[27] The systems integration partner is the leading consulting firm(s) hired to assist the United Nations in designing, building, testing and deploying the new system. It provides skills and experience not available within the United Nations, and that would be impractical to hire internally for the durations required.

F. Project staffing

53. As shown in the organizational structure presented in the first progress report (see A/64/380, annex III), the Umoja team is made up of 80 staff, of which 36 are funded through general temporary assistance. Their current and projected recruitment status appears in table 3 below. A proposal to increase the number of staff by adding 10 additional temporary posts through redeployment of resources from contractual services to post costs, as well as the conversion of 36 general temporary assistance-funded positions, is discussed below in section V.A on resource requirements.

Table 3
Umoja Status of Vacancies

								At 31 August 2010		*Projected October 2010*		*Projected December 2010*	
Status	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2*	*GS (OL)*	*Total*	*Percentage*	*Total*	*Percentage*	*Total*	*Percentage*
Filled:													
Regular	1	5	6	11	1	—	8	32	40				
Temporary			4	6	2	—	2	14	18				
Subtotal, filled	**1**	**5**	**10**	**17**	**3**	**—**	**10**	**46**	**57.5**	**60**	**75**	**72**	**90**
Under evaluation		1	2	5	3			11	14				
Selected			1	1	1		2	5	6				
Advertised				8	1			9	11				
To be advertised			5	2		1	1	9	11				
Approved	1	6	18	33	8	1	13	80	100				

Abbreviations: GS, General Service; OL, Other level.

54. Despite the close cooperation and collaboration extended by the Office of Human Resources Management and other concerned parts of the Secretariat, timely recruitment has been a challenge, and is regarded as a significant project risk factor. As at 31 August 2010, 46 out of the 80 staffing positions were filled, either through vacancy announcements or temporary vacancy announcements. A project such as Umoja would normally require expedited recruitment. Indeed, in this and other resource management areas, project progress is sometimes hampered by the very processes it aims to improve.

55. Full-time Umoja staff are complemented by subject matter experts, whose contributions range in duration from a few hours to several months at a time.

56. Umoja has also benefited from the temporary assignment of the Management Support Service of the Office of the Under-Secretary-General for Management with the change management team. Effective 1 October 2009, four regular budget posts (1 D-1, 1 P-5, 1 P-2 and 1 GS (Other level)) and two posts under the support account for peacekeeping operations (2 P-4) as well as non-post resources of the Management Support Service have been temporarily assigned to and utilized in the Umoja change management team for the duration of the project. During the temporary utilization of Management Support Service resources in Umoja, it will continue to provide advice and assistance to the Secretariat on optimizing internal operations using best practices, process improvement and self-evaluation.

IV. "Cross-cutting" issues and opportunities

57. A number of complementary efforts are under way to improve the Secretariat's administrative functions and service delivery. These lie outside the mandate of Umoja but are interdependent, and require participation and support from the Umoja team.

58. Umoja has engaged with colleagues throughout the Secretariat, including those implementing Inspira, the Global Field Support Strategy of the Department of Field Support, IPSAS, the global Information and Communications Technology Disaster Recovery and Business Continuity plan, the Accountability Framework, the United Nations service delivery approach (see also sect. II.C above), sustainability initiatives (see annex II, Updated benefits in central support services) and many others, to ensure that all work is fully integrated and to avoid duplication of effort.

A. Administrative reform and changes to procedures, policies, rules and regulations

59. Umoja is engaged in re-engineering business processes, designing according to industry-leading practices, and developing a global technology platform with automated controls. In addition to supporting, facilitating and participating in ongoing reform initiatives, Umoja also creates its own opportunities to improve existing policies and practices to make the best possible use of the new solution. Areas where Umoja's design intersects with existing organizational practices, procedures, policies, rules, and regulations have been identified. Opportunities exist in the areas of accountability, certification requirements, procurement, delegation of authority, budget planning and execution, financial management, global cash management, and banking, among others. Umoja has begun consultations within the Organization on these many proposed reforms. Most are expected to be resolved at the level of the business owner or process owner.

60. On shared policy issues, coordination is under way between Umoja and other Secretariat initiatives to ensure alignment. In particular, the Department of Management is leveraging Umoja's work to support ongoing administrative reform efforts advancing in parallel, including those outlined below.

61. It is anticipated that the Department of Management, with the support of the Umoja team, will undertake an effort to consolidate all rules, regulations, policies, procedure manuals, administrative instructions (ST/AIs), Secretary-General's Bulletins (ST/SGBs) and other administrative reference material in a single, searchable, online library. This library will be the unique reference for all administrative policy and procedure-related documents, and will include or build on the Peacekeeping Policy Framework portal (http://intranet.dpko.un.org/dpko/pages/PoliciesAndPractices.aspx) developed by the Department of Peacekeeping Operations.

Accountability

62. The success of an accountability framework depends as much on its cultural components as its technical components. Umoja will significantly help the latter, and perhaps the former, through detailed electronic recording of transactions and

approvals. The Umoja team has been collaborating closely with other parts of the Secretariat to ensure that its solution will support the Framework.

63. Umoja will have the ability to provide performance reporting, and to support results-based management through programme and project management functions and decision support tools. Prerequisite to the success of this effort is the adoption of a standardized methodology within the Organization.

64. Umoja is participating in a Department of Management-led task force to review delegation of administrative authorities exercised in the Secretariat. This is important as delegations of authority will be represented within the new system's security structure.

65. Umoja will support the Secretary-General's effort to implement enterprise risk management and a strengthened internal control framework. During the design phase, new business processes were engineered for compliance with rules and regulations, while automated internal controls were built into the solution to raise transaction integrity. The monitoring of key data elements using specialized reporting will enhance this effort.

66. Umoja has also been invited to serve as a member of the working group on the draft administrative instructions on electronic signature, led by the Office of Information and Communications Technology, to help to articulate the United Nations policy. This collaboration will ensure that the policy and Umoja's redesigned processes are properly aligned.

Finance

67. The IPSAS and Umoja teams are working together to ensure an IPSAS-compliant solution (see the third progress report on the adoption of IPSAS by the United Nations (A/65/308)). Recent joint activities include the development of financial statement formats and the chart of accounts. These solutions will be presented for comment to financial communities across the Organization.

Human resources

68. The Umoja and Inspira teams are collaborating to develop the interface between their systems based on an enterprise architecture approach. They are identifying and designing integration points across the dimensions of people, process and technology.

69. The Umoja team has also cooperated closely with the Department of Management on its reform project to simplify United Nations staff benefits and streamline their administration by sharing information and ensuring that the proposals put forth in the analysis could be supported by the system.

B. Harmonization of business practices

70. Umoja is contributing to the United Nations System Chief Executives Board for Coordination High-level Committee on Management initiative on the harmonization and reform of business practices in the United Nations system in a number of ways, including:

(a) Simplifying and harmonizing business practices;[28]

(b) Supporting the implementation of IPSAS;[28]

(c) Supporting strengthened accountability and transparency;[28]

(d) Consulting with other United Nations system entities that have implemented ERP systems, including reviewing their redesigned processes and, if possible, leveraging the same or similar functionality within the United Nations implementation (see also sect. V.E below, on cost containment);

(e) Exploring the possibility of tapping into regional inter-agency shared service centres.

C. Office of Information and Communications Technology and initiatives of the Information and Communications Technology Division of the Department of Field Support

71. Umoja's success requires collaboration with the Office of Information and Communications Technology, the Information and Communications Technology Division of the Department of Field Support and all other information and communications technology resources across the Organization. The Umoja technical and data teams have cooperated with the Office of Information and Communications Technology's structural review, notably by building a database of information required to construct the ERP component of the enterprise architecture model. Cooperation is also under way to ensure integration with other enterprise systems and alignment with disaster recovery and business continuity strategies, as well as with application development being undertaken in the Information and Communications Technology Division of the Department of Field Support.

D. Global Field Support Strategy and the strategic deployment stocks of the Department of Field Support

72. Umoja is working with the Department of Field Support to ensure that peacekeeping business processes developed under the Global Field Support Strategy are aligned with and integrated in the Umoja design, and that the system will support the Department's objectives, such as improving management and control of field resources, aiding decision-making and increasing transparency in reporting from the field. The field support service delivery model will be supported by and incorporated into any future overarching United Nations service delivery approach.

73. The Department of Field Support has initiated a strategic overview, assessment and capability analysis of the strategic deployment stocks maintained in the United Nations Logistics Base (UNLB) at Brindisi, Italy. The assessment is intended to evaluate the overall effectiveness and efficiency of the strategic deployment stocks capability, and its suitability for future field support requirements. Umoja will be engaged in the review by participating in joint workshops and will ensure that the future Umoja system will include functionality to support modularization efforts and future deployments of strategic deployment stocks.

[28] Within the Secretariat.

V. Resource requirements and cost containment

74. The first progress report on the enterprise resource planning project provided, inter alia, the resource requirements of Umoja for the bienniums 2010-2011 and 2012-2013 using the approved $20 million for the biennium 2008-2009 as baseline. It also presented four implementation options: pilot first, IPSAS first, by function, and traditional. In its resolution 64/243, the General Assembly endorsed the recommendation to follow the pilot first strategy, rolling Umoja out to the entire United Nations in three steps: first to a group of pilot locations, then to the rest of the Organization in two more phases. The resource requirements to implement the pilot first option through full deployment were estimated at $315,792,300, without contingency.

A. Resource requirements

75. It is recalled that, in its resolution 64/243, the General Assembly, inter alia, approved $24,192,200 for Umoja, to be funded from the regular budget for the biennium 2010-2011, including $11,775,900 under section 28A, Office of the Under-Secretary-General for Management, and authorized the Secretary-General to enter into commitments in the amount of $12,416,300. In the same resolution, the Assembly also authorized the Secretary-General to enter into commitments in a total amount not to exceed $28,516,500 under the support account for peacekeeping operations for the period from 1 July 2009 to 30 June 2010, and to report in the context of the performance report for the support account for the period from 1 July 2009 to 30 June 2010. Further, in a subsequent resolution 64/271, the General Assembly appropriated an amount of $57,033,000 under the support account for peacekeeping operations for the period from 1 July 2010 to 30 June 2011.

76. The overall level of resource requirements for the Umoja project stands unchanged.

77. Resource requirements for 2010-2011 are cost-shared using the 2008-2009 formula[29] after including an adjustment for the previous amounts funded for 2008-2009 to ensure that the overall project budget cost is shared in accordance with the formula.

Updated resource requirements for the biennium 2010-2011

78. The overall level of project cost estimates for the biennium 2010-2011 remains at $175.3 million. In order to address two significant gaps in the Umoja team structure that were identified in the course of the design phase, however, the present report includes a cost-neutral proposal to (a) create a capacity to support the programme and project management function of the Organization; and (b) strengthen the delivery capacity of the Umoja team through internal redistribution of resources between expenditure groups and the creation of 10 additional temporary posts. The report also includes a request for the conversion of 36 general temporary assistance-

[29] 15 per cent from the regular budget; 62 per cent from the support account for peacekeeping operations; and 23 per cent from the special accounts for programme support costs to which are credited overhead income generated by expenditures relating to technical cooperation, and to general trust funds as well as reimbursement for administrative support provided by the Organization to extrabudgetary entities.

funded positions to temporary posts to bring the total number of temporary posts for the project to 90. These staffing positions were previously requested as new temporary posts in the first progress report (see A/64/380, para. 94), but there was no explicit approval by the General Assembly for creating them as temporary posts. The current distribution of resources as presented in the first progress report and the proposed redistribution are presented in table 4 below.

Table 4
Total resource requirements for Umoja implementation: proposed redistribution of resources by object of expenditure
(Thousands of United States dollars)

Object of expenditure	*2008-2009*	*2010-2011 Existing distribution (A/64/380)*	***Change***	*2010-2011 Proposed distribution*	*2012-end of project*	*Total*
a	*b*	*c*	***d***	*e=(c+d)*	*f*	*g=(b+e+f)*
Posts	—	22 729.9	**1 201.4**	23 931.3	32 755.0	56 686.3
Other staff costs	8 893.3	19 440.0	—	19 440.0	19 439.9	47 773.2
Consultants and experts	—	3 331.2	—	3 331.2	3 331.2	6 662.4
Travel of staff	1 071.2	7 446.8	—	7 446.8	16 064.7	24 582.7
Contractual services	7 820.8	89 098.6	**(1 739.6)**	87 359.0	26 751.3	121 931.0
General operating expenses	1 285.0	11 625.7	**435.2**	12 060.9	8 062.8	21 408.7
Supplies and materials	23.5	146.0	**5.0**	151.0	156.0	330.5
Furniture and equipment	906.2	21 530.0	**98.0**	21 628.0	13 883.1	36 417.4
Total	**20 000.0**	**175 348.2**	—	**175 348.2**	**120 444.1**	**315 792.3**

79. The explanation for changes in resource requirements for the biennium 2010-2011 as a result of the proposed redistribution of resources is set out below by object group.

Posts: (increase $1,201,400)

80. The increase in post resources relate to and provide for the salaries and common staff costs for the proposed establishment of 10 new temporary posts (2 D-1, 3 P-5, 3 P-4, 1 P-3 and 1 General Service (Other level)). Two of the requested posts (1 D-1 and 1 P-5) would constitute the proposed delivery team that will perform day-to-day project management and team coordination activities, as well as supervise contractual services. The remaining 8 posts (1 D-1, 2 P-5, 3 P-4, 1 P-3 and 1 General Service (Other level)) would be part of the proposed programme and project management team, which will work across the four functional teams to ensure that the Umoja solution effectively supports more efficient and consistent programme and project delivery throughout the Secretariat.

81. The establishment of 10 additional temporary posts and the conversion of 36 positions into temporary posts will bring the total number of posts for the United Nations core project team to 90, which is required to complete the activities planned for 2011.

Delivery team

82. It would not be possible to undertake an initiative of this scale, scope and complexity without the specialist knowledge of enterprise software and business transformation initiatives provided by consulting firms. However, such expertise comes at a substantial cost since systems integration services are the single largest expense in this and all similar project budgets. In order to ensure that the Organization is deriving maximum value from these experts, it is incumbent upon the Umoja project team to closely manage the systems integrator and other service providers.

83. Presently, the internal team structure has no provision for day-to-day delivery management, which includes Umoja project management, team-coordination activities and the supervision of contractual services. That function is effectively outsourced to the systems integrator. That reality has been identified as a risk, which could be mitigated by bringing this critical function in-house. Umoja therefore proposes creating two additional temporary posts, Delivery Manager (D-1) and Deputy Delivery Manager (P-5), to form a delivery team, to be placed within the project management office, to ensure that the Organization is deriving maximum value from its service providers.

84. It is foreseen that the Delivery Manager could also serve as a Deputy to the Project Director, and, therefore, requires sufficient authority and experience to execute the responsibilities that accompany this role.

Programme and project management team

85. The Organization's ability to achieve substantive results requires a common, results-based management approach to programme delivery. Umoja can make this possible through an integrated programme and project management capability that supports delivery of substantive projects according to timeline, budget and specifications.

86. The original project structure had no work stream dedicated to programme and project management. The functional teams have collectively attempted to compensate, but this has proved overly burdensome, and presents the risk that programme and project management will not be addressed holistically, thus failing to satisfy the requirements of programme and project managers across the Secretariat.

87. Therefore, a cross-functional Umoja team devoted to design, build and implement the programme and project management function is needed to ensure that the Umoja solution effectively supports more efficient and consistent programme and project delivery throughout the Secretariat.

88. The team is proposed to comprise one Programme Management Team Lead (D-1), two Senior Programme Management Analysts (P-5), three Functional Programme Management Experts (P-4), one Information Systems Analyst (P-3), and one Programme Assistant (General Service (Other level)).

Contractual services: (decrease $1,739,600)

89. The decrease under this heading represents the proposed redeployment of resources from contractual services to posts in order to accommodate post costs

related to the establishment of 10 new temporary posts for the proposed delivery team and the programme and project management team. No significant impact is foreseen as a result of this redeployment from contractual services to post costs since, with the proposed realignment of resources, some functions that were outsourced previously can be executed more effectively and efficiently by internal staff.

General operating expenses: (increase $435,200)

90. The increase reflects the proposed redistribution of resources and would provide for general operating expenses, including communications costs, rental of office accommodation and maintenance of office equipment related to the proposed new posts.

Supplies and materials: (increase $5,000)

91. The increase reflects the proposed redistribution of resources and would provide for office supplies and materials for the proposed new additional posts.

Furniture and equipment: (increase $98,000)

92. The increase reflects the proposed redistribution of resources and would provide for furniture and equipment for the proposed new posts.

B. Status of resources approved for the Umoja project and utilization

Table 5
Amounts approved and expenditure by biennium
(Thousands of United States dollars)

	2008-2009		*2010-2011*		*Total*	
	Approved	*Total project expenditure*	*Approved*[a]	*Total project expenditure*	*Approved*	*Total project expenditure*
Source of funds	*a*	*b*	*c*	*d*	*e=(a+c)*	*f=(b+d)*
Regular budget	5 110.0		24 192.2		29 302.2	
Support account for peacekeeping operations	7 050.0		85 549.5		92 599.5	
Extrabudgetary	7 840.0		37 090.1		44 930.1	
Total	**20 000.0**	**17 699.7**	**146 831.8**	**50 485.3**	**166 831.8**	**68 185.0**

[a] In accordance with General Assembly resolution 64/243, out of the $24,192,200 under the regular budget, an amount of $12,416,300 is in commitment authority. Similarly, out of the $92,599,500 under the support account for peacekeeping operations, an amount of $28,516,500 is in commitment authority, to be reported in the context of the performance report on the support account for the period 1 July 2009 to 30 June 2010.

Table 6
Amounts released to the Umoja project and expenditure
(Thousands of United States dollars)

	2008-2009		*2010-2011 (as at 31 August 2010)*		*Total*	
	Allotment	*Expenditure*	*Allotment*	*Expenditure*	*Allotment*	*Expenditure*
Object of expenditure	*a*	*b*	*c*	*d*	*e=(a+c)*	*f=(b+d)*
Posts	—	—	8 678.6	3 647.7	8 678.6	3 647.7
Other staff costs	6 501.1	5 614.0	4 176.2	781.0	10 677.3	6 395.0
Consultants and experts	599.5	72.6	1 730.4	102.9	2 329.9	175.5
Travel of staff	1 396.4	964.1	1 590.2	524.1	2 986.6	1 488.2
Contractual services	7 601.1	7 933.3	36 698.0	25 399.0	44 299.1	33 332.3
General operating expenses	1 342.9	1 297.3	4 348.1	2 854.4	5 691.0	4 151.7
Supplies and materials	650.9	606.9	122.0	69.3	772.9	676.2
Construction, alteration and improvements	1 312.2	1 046.8	—	—	1 312.2	1 046.8
Furniture and equipment	595.9	164.7	24 675.7	17 106.9	25 271.6	17 271.6
Total	**20 000.0**	**17 699.7**	**82 019.2**	**50 485.3**	**102 019.2**	**68 185.0**

93. As shown in table 6 above, as of end of August 2010, a total of $68.2 million has been expended for the project, including $17.7 million during the biennium 2008-2009 and $50.5 million during the first eight months of 2010. With the ongoing additional recruitment against the currently vacant posts/positions, and increased project activities, project expenditures are expected to accelerate.

C. Estimated future operating costs

94. The Advisory Committee on Administrative and Budgetary Questions requested that the Secretary-General should provide an estimate of a range of future operating costs, covering hardware and software, functional and technical support, hosting services, future upgrades and improvements, and other standard costs for the operational components of an enterprise resource planning system (see A/64/7/Add.9, para. 87).

95. It is estimated that the core costs of covering these elements will range between $40 million to $50 million per annum on average,[30] allowing for the fact that minor upgrades and improvements are undertaken continuously, while major upgrades are generally implemented on a five-year cycle, causing the annual cost to increase during the upgrade year by 20 per cent to 50 per cent, depending on the extent of the upgrade.

96. It should be noted that these figures do not include annual telecommunications costs, which cannot be calculated at this point. While the strategy will be to leverage

[30] A portion of these costs will be defrayed by a decrease in the operating costs of legacy systems that are replaced by Umoja. See annex I, table A.2, Technology and data management (Decommissioning systems).

existing capability and the public Internet to the greatest possible extent, upgrades in telecommunications capacity will no doubt be required in some locations. In addition, the costs will depend very much on the deployment programme[31] as well as any changes to service delivery structures, neither of which have yet been determined.

D. Contingency resources

97. It is common practice that between 10 and 25 per cent of the total project budget be earmarked for contingency in a global ERP implementation. However, the request for resources for 2010-2011 did not include a contingency provision since an earlier request for such a provision was not approved (see A/63/487 and General Assembly resolution 63/262). Should recourse to any such contingency provision be required during the remaining life of the project, a request would be made to the General Assembly in accordance with the established procedures.

E. Cost containment and lower cost options

98. The Umoja team has endeavoured to run the project at lower cost in the past year, while also looking for opportunities to reduce cost projections. The progress in that regard is summarized in the present section, but is incremental in nature. No dramatic cuts can be made at this stage without substantially altering the plan and approach that has been approved by the General Assembly and is now being executed.

99. Therefore, as the project is currently in the middle of its first major phase, the overall level of funding required remains unchanged. Cumulative savings achieved from the various efforts described in the present section will be reported at a more mature phase of the project's implementation.

100. Umoja has in place a number of internal policies aimed at containing project costs associated with supplies and equipment. It has also adopted an open-plan working environment to maximize productivity and collaboration that has the added benefit of lowering operating costs.

101. Umoja depends on the input of subject matter experts to ensure that the solution will meet the needs of the United Nations. This input has costs, such as travel and daily subsistence allowance, some of which are absorbed by the subject matter experts' parent organizational units. For cost-effectiveness, Umoja seeks out opportunities to tag onto meetings and events[32] attended by the United Nations administrative staff. The team also uses web-based tools and videoconferencing to reduce the frequency of in-person meetings, saving both money and time.

102. On behalf of Umoja, the Procurement Division has negotiated reasonable rates for contractual services compared to current market prices. Nevertheless, systems integrator expenses are significant, and Umoja has policies in place to help to maximize the return of every system integrator resource. Substandard performance is not accepted, and such resources are replaced by the system integrator in those

[31] Identity and sequencing of sites to which the solution is deployed, plus timing.

[32] For example, members of the Umoja Human Resources Team regularly participate in the annual Human Resources Chiefs retreat. They take advantage of the presence of their stakeholder community and extend the meeting to discuss Umoja issues, at a cost of only additional daily subsistence allowance. The same has applied to other events.

cases. If deliverables do not meet quality expectations, they are brought up to standard free of charge, or Umoja is credited for the corresponding time billed.

103. It is beneficial and cost-effective to use United Nations staff over contracted service providers for functions that contribute to building an internal knowledge base. The proposed redeployment of resources from contractual services to fund 10 temporary posts is aimed at expanding internal knowledge base and ensuring cost-effectiveness.

104. During the design phase, Umoja identified opportunities to partner with sister agencies. Most notably, Umoja is collaborating with UNICEF and WFP to design and build human resource management and travel management functionality.[33]

105. Umoja's central technical infrastructure[34] and its hosting will require a substantial financial commitment. Umoja will establish the production infrastructure in accordance with the disaster recovery and business continuity strategy in time for the first phase of deployment to the pilot site. In the meantime, the infrastructure required for the design and build phases (development infrastructure) will be based on a business case currently under development;[35] in parallel with building the sandbox and development environments, it is planned to conduct performance testing at the proposed enterprise data centre site. Any investment made in the development platform will be transferable to the production platform.

106. Users have a tendency to overestimate their needs when defining requirements. Ultimately, some elements will be identified as essential and others optional. Assisted by the Umoja technical team, the functional teams continue to pare down the business requirements to minimize, in particular, the number of reports and extensions to be implemented. Business rationale and impact are carefully considered. Components above a certain cost threshold will be assessed through a business case analysis.

107. If the United Nations were to adopt a service delivery model (see sect. II.C above) on a timeline that coincides with the roll-out of Umoja, the project would also achieve significant cost savings. By concentrating the implementation effort in a limited number of shared service centres or centres of excellence — as opposed to implementing the full range of functionality in every United Nations location — project costs, particularly those associated with training[36] and with travel of Umoja staff,[37] could be reduced significantly.

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[33] Opportunities include, but are not limited to, accessing the Entitlements Validation Engine and sharing the costs of designing a turnkey travel management solution to automate and integrate United Nations commercial and non-commercial travel flights and movement of personnel. Using code already developed for other United Nations entities (e.g., the Entitlements Validation Engine) will allow Umoja to fulfil some of the unique requirements of the United Nations at a substantial savings in cost and software development time.

[34] Infrastructure includes hardware (web, application and data servers, storage devices, telecommunications equipment) in a secure environment, including fail-over and disaster recovery capacity, normally via a mirrored site.

[35] Options under consideration include United Nations-run hosting in Brindisi, United Nations-run hosting in New York, the United Nations International Computing Centre, and commercial solutions.

[36] For example, the number of trainers, total hours of training, facilities, training materials, travel of both users and trainers, etc.

[37] Travel and daily subsistence allowance for Umoja team members and subject matter experts who are sent to implementation sites to oversee roll-out and support.

F. Downsizing the project team

108. Under the approved pilot first deployment, project costs are not projected to extend beyond the end of 2013, assuming full funding is available and activities are completed as planned. It is expected that the costs of maintaining Umoja, both functionally and technically, will then become part of operational budgets. Thus Umoja ceases to exist as an independently funded project, and lives on as a continuously evolving system, tool-set, training curriculum and set of practices.

109. Upon completion of Umoja implementation activities, the ramp-down of resources will begin. Depending on their career interests, those Umoja staff who may be interested to stay with the United Nations could be considered by the Organization, in accordance with the applicable rules, regulations and procedures, for vacancies in the Secretariat, including the business operations or information technology support teams that will maintain Umoja on an ongoing basis.

VI. Summary of resource requirements for the enterprise systems for the United Nations Secretariat worldwide and request for action by the General Assembly

A. Summary of resource requirements

110. The overall level of resources for the implementation of the Umoja project remains unchanged at $315,792,300, to be funded in accordance with the existing cost-sharing formula under the regular budget (15 per cent), the support account for peacekeeping operations (62 per cent) and extrabudgetary resources (23 per cent).

111. While the level of requirements for 2010-2011 remains unchanged at $175,348,200, the proposed establishment of 10 additional temporary posts through cost-neutral internal redistribution of resources results in changes in the amounts of resources at the expenditure group level for 2010-2011 and 2012-2013.

112. The addition of 10 new temporary posts and the conversion of 36 general temporary assistance-funded positions to temporary posts will bring the total number of core United Nations posts for the Umoja team to 90.

B. Actions to be taken by the General Assembly

113. **The General Assembly is requested:**

(a) **To take note of the progress in the implementation of the Umoja project presented in the current report;**

(b) **To approve a complement of a total of 90 temporary posts for the Umoja project under the special account for recording income and expenditure of the project;**

(c) **To appropriate an amount of $12,416,300, initially approved in resolution 64/243 as commitment authority;**

Regular budget

(d) To note that the future remaining requirements in the estimated amount of $18,667,600 gross ($18,066,600 net) for the implementation of ERP would be considered in the context of the proposed programme budget for the relevant biennium;

Support account for peacekeeping operations

(e) To note that the future remaining requirements in the estimated amount of $48,569,300 gross ($47,185,200 net), will be included in the subsequent requirements for the support account for peacekeeping operations for the financial period from 1 July 2011 to 30 June 2012;

(f) To note that the future remaining requirements in the estimated amount of $57,649,400 gross ($56,006,500 net) will be included in subsequent requirements for the support account for peacekeeping operations for the financial periods until July 2013 to June 2014;

Extrabudgetary resources

(g) To note that an estimated amount of $72,632,200 of the total ERP project cost would be financed from extrabudgetary resources.

Annex I

Updated quantitative benefits

1. The tables below provide the benefit calculation for each of the functional areas. A complete explanation of the methodology applied can be found in annex I of the first progress report (A/64/380).

Supply chain/procurement/logistics

2. Improved accuracy in the forecasting of expendable inventory represents a significant portion of the supply chain benefit. Inventory carrying costs (e.g., warehouse, security, staff) are often higher, and surpluses in one location are rarely transferred to another location because the transportation costs may be prohibitive or simply uneconomical. Umoja will capture and store usage data and analyse patterns, including seasonal variability by different consumption entities. Based on these analyses, the system will effectively forecast demand, establish appropriate stock levels and execute replenishment. All of the above is expected to result in benefit equal to a 6 to 7 per cent reduction in total expendable inventory, an estimated $31.0 million to $36.2 million.

3. A limited ability to track assets and to capture utilization metrics has resulted in a surplus of assets within field operations. With better systems that provide the ability to know where assets are installed, as well as accurate and timely usage of data that can be analysed and managed at any level, the value of this surplus can be reduced by 15 to 20 per cent, an estimated $4.7 million to $6.3 million in reduced costs.

4. Two opportunities have been recalculated with more recent value for total non-expendable assets,[38] resulting in a decrease of anticipated benefit. Benefit from reducing carrying costs associated with non-expendable assets is now estimated at $0.6 million to $0.9 million. Reducing the volume of non-expendable assets that reach expiration while in stock is expected to result in benefit equal to 6 to 7 per cent reduction in non-expendable assets that have reached expiration while in stock, valued from $3.5 million to $4.1 million.

[38] The latest inventory data available as of June 2010 was significantly lower than that used in the previous benefit calculation. The difference in data can be attributed to the inherent volatility of inventory levels.

Table A.1
Supply chain/procurement/logistics

	Baseline value	Baseline (millions of United States dollars)	Change range (percentage)	Estimate (millions of United States dollars)		Productivity (P)/ efficiency (E)
				Low range	High range	
Raising requisitions	0.5 day[a]	1.6[b]	40-60	0.6	1.0	P
Processing requisitions to contract						
Transformation of requisitions into solicitation documents	0.5 day[a]	6.3[c]	30-60	1.9	3.8	P
Transformation of solicitation responses into contracts and contract management through to closure	0.5 day[a]	6.3[c]	20-50	1.3	3.1	P
Improved communication with the supplier, using electronic means as far as practicable	1 day[a]	12.5[c]	10-40	1.3	5.0	P
Paperless record creation over the acquisition cycle	1 hour[a]	2.0[d]	70-90	1.4	1.8	P
Updated: Non-expendable assets that reach expiration while in stock	not applicable	58.7[e]	6.0-7.0	3.5	4.1	E
Updated: Reduce non-expendable carrying costs	not applicable	114.2[f]	0.5-0.75	0.6	0.9	E
New: Improve forecast accuracy on expendable assets	not applicable	516.5[g]	6.0-7.0	31.0	36.2	E
New: Reduce non-expendable surplus inventory	not applicable	31.3[e]	15.0-20.0	4.7	6.3	E
Total				**46.3**	**62.2**	
Total 2009				**49.2**	**74.7**	
Delta between 2010 and 2009				**-2.9**	**-12.6**	

[a] The time currently required to complete activities is based on estimates provided by multiple procurement subject matter experts.

[b] Based on average annual cost per full-time equivalent of $190,000, 261 work days per year and 4,363 relevant purchase orders under system contracts in 2008.

[c] Based on average annual cost per full-time equivalent of $190,000, 261 work days per year and 17,215 relevant transformations into purchase orders in 2008.

[d] Based on average annual cost per full-time equivalent of $190,000, 2,000 work hours per year. 4,363+17,215=21,578 purchase orders in 2008.

[e] Baseline values are both derived from the June 2010 inventory management report produced by the Property Management Unit. The value for non-expendable assets that reach expiration while in stock is the sum of "stock passed life expectancy" and "stock passed life expectancy and not serviceable". Non-expendable surplus inventory is the value of "stock declared as surplus".

[f] Carrying costs are calculated using an industry benchmark of 5 per cent of the total non-expendable assets ($2.283 billion per June 2010 inventory management report produced by the Property Management Unit).

[g] Total value of current stock in expendable inventory based on the May 2010 Fact Sheet report produced by the Property Management Unit.

Technology and data management

5. Two key inputs used to calculate the benefits associated with technology and data management — information technology budget and the value associated with decommissioning systems — were updated, which resulted in an increase in quantifiable benefits in the range of $3.3 million to $5.6 million.

Table A.2
Technology and data management

	Baseline (millions of United States dollars)	*Change range (percentage)*	*Estimate (millions of United States dollars)*		*Productivity (P)/ efficiency (E)*
			Low range	*High range*	
Updated: Decommissioning systems	48.5[a]	60-100	29.1	48.5	E
Improved aggregation of data	1 275[b]	0.5-1[c]	6.4	12.8	P
Updated: Reduce time associated with fixing errors and aligning data	16.3[d]	3-6[c]	0.5	1.0	P
Updated: Reduce budget associated with continual data cleansing	16.3[d]	1.5-2.5[c]	0.2	0.4	P
Updated: Reduce spending associated with report filter changes to avoid bad data	16.3[d]	2-4[c]	0.3	0.7	P
Updated: Reduction in number of reporting databases, programmes and service requests	16.3[d]	5-10	0.8	1.6	E
Total			**37.3**	**64.9**	
Total 2009			**34.0**	**59.3**	
Delta between 2010 and 2009			**3.3**	**5.6**	

[a] Based on an average support cost, as support costs were not provided for all systems. The average support cost was calculated as follows: IMIS support costs ($9 million) were excluded from the average calculation to avoid skewing the results. Excluding IMIS, support costs were provided for 500 systems. The total support costs included 187 full-time equivalents and $10 million recurring costs. The 187 full-time equivalents represent a cost of $19 million (using an average full-time equivalent cost of $100,000, assuming 10 per cent of full-time equivalents are Professional and 90 per cent are local staff). This gives a total support cost of $29 million ($19 million plus $10 million) for the 500 systems with support costs, yielding an average support cost per system of $58,000 ($29 million divided by 500). Extrapolating this to the 682 non-IMIS systems being retired and adding the IMIS support costs provides: 682 x $58,000 + $9 million = $48.5 million.

[b] Contains the following elements from the biennial budget: part VIII, Common support services (section 28 and extrabudgetary): $827 million; General Assembly, Economic and Social Council affairs and conference management: $662 million; Internal oversight: $37 million; Jointly financed administrative activities: $112 million; Security and safety: $207 million. These values have been reduced by 50 per cent to produce an annual value of $922.5 million. Add the following annual budget elements of the support account for peacekeeping operations of $294 million and United Nations Logistics Base at Brindisi of $58 million for a total baseline value of $1,275 million.

[c] The benchmarks were reduced by 75 per cent to account for the uniqueness of the United Nations.

[d] Report programme maintenance portion of the information technology budget (which increased from $83 million to $100 million over the past year) derived with following assumptions: Gartner estimates that 65 per cent of information technology budgets is spent on maintenance (65 per cent of $100 million is $65 million) and 25 per cent of the 65 per cent is spent on data management issues (25 per cent of $65 million is $16.25 million).

Human resources

6. While current contract extensions can only be performed individually, funding for most field missions is extended year-by-year, and current practice is to align most staff contracts with funding dates. By implementing bulk contract and post-incumbency extension processes via Umoja, the time spent by human resources administrators to manually and individually perform these processes can be much reduced. This reduction of the time spent by human resources administrators to manually and individually perform contract and post-incumbency extension processes is expected to generate a benefit in the range of $0.2 million to $0.4 million.

7. The benefit associated with expedited processing of entitlements rose to $15.8 million to $23.7 million as a result of the upward adjustment of the lower benchmark (from 15-20 per cent).

Table A.3
Human resources

	Baseline value	*Baseline (millions of United States dollars)*	*Change range (percentage)*	*Estimate (millions of United States dollars)*		*Productivity (P)/ efficiency (E)*
				Low range	*High range*	
Reduction of work effort for filing/storage needs per office (by moving online/self-service)	100 FTE[a]	19.0[b]	20-40	3.8	7.6	P
Payroll efficiency gain in the field by having an integrated human resources, payroll and finance system	65 FTE[c]	12.4[b]	30-50	3.7	6.2	P
Effort required to print and process personnel action forms (printing, signing, mailing, storing)	14 FTE[d]	2.7[b]	75-100	2.0	2.7	P
Reduction of work effort due to reduction in the administration and production of organization reports (composition report, staffing report, etc.)	19 FTE[e]	3.6[b]	40-60	1.4	2.1	P
Effort required to process transfer scripts	6 FTE[f]	1.1[b]	100	1.1	1.1	P
Effort required for initiating and approving personnel action for initial appointment (and improvement opportunities from using self-service)	6 FTE[g]	1.1[b]	30-50	0.3	0.6	P
Mailing, storing and printing costs from printing and processing personnel action forms (printing, signing, mailing, storing)	not applicable	0.15[b]	75-100	0.1	0.2	E
Updated: Effort required to process entitlements by human resources and payroll	415 FTE[i]	78.9[b]	20-30	15.8	23.7	P

	Baseline value	Baseline (millions of United States dollars)	Change range (percentage)	Estimate (millions of United States dollars)		Productivity (P)/ efficiency (E)
				Low range	High range	
New: Reduction of the time spent by human resources administrators to manually and individually perform contract and post-incumbency extension processes	not applicable	5 923	40-70	0.2	0.4	E
Total				**28.5**	**44.5**	
Total 2009				**24.3**	**44.1**	
Delta between 2009 and 2010				**4.2**	**0.4**	

[a] 100 full-time equivalents based on human resources subject matter expert estimates.
[b] Assumes full-time equivalent cost of $190,000 per year.
[c] 65 full-time equivalents in field payroll based on a global finance survey.
[d] 14 full-time equivalents based on the following calculation: total number of personnel action forms processed is 138,000; filing takes 10 minutes each; printing takes 2 minutes each. Average staff member hours per full-time equivalent per year equals 2,000: 138,000*(10+2)/60=27,600 hours; 27,600/2,000 equals 14 full-time equivalents.
[e] It is assumed that currently there are 17 to 20 full-time equivalents working in the administration and production of organization reports, for an average of 19 full-time equivalents based on human resources subject matter expert estimates.
[f] 6 full-time equivalents from 600 transfers a year (extrapolated from the Office of Human Resources Management tracking system) and an estimate of 20 hours spent per transfer (subject matter expert estimates).
[g] 6 full-time equivalents (165 minutes per personnel action times 4,365 initial appointment personnel actions per year equals 12,004 hours), of which 30-50 per cent can be reduced by self-service data entry by staff member.
[h] Baseline: number of personnel actions processed in IMIS: 138,000 with an estimated cost of $1.10 per action.
[i] The number of human resources full-time equivalents is calculated by assuming that the total number of human resources IMIS users for personnel action forms processing and approval is 1,381, of which subject matter experts estimate that 80 per cent actually process entitlements as part of their responsibilities; additionally, it is estimated that 60 additional people work on entitlements without access to IMIS and 220 people in field missions process entitlements for staff not in IMIS; based on an Office of Human Resources Management survey, it is estimated that these resources spend 30 per cent of their time on the processing of entitlements: ((80 per cent x 1,381) + 60 + 220) x 30 per cent = 415 full-time equivalents.

Central support services

8. Umoja will help the Organization decrease the cost of the management and administration of capital construction projects. In many locations, projects are currently managed with silo applications without integrating with the main human resources and finance systems. This requires a high level of effort owing to the need for manual reconciliation and reporting. With the right planning and control processes and systems, this can be reduced, generating benefit of $0.5 million to $0.8 million.

9. Implementing standards and automating certain processes will yield considerable productivity benefits. In travel services, changing the lump sum calculation to a distance-based schema and automating it could generate a benefit of $0.14 million to $0.25 million, with the added qualitative benefit of increasing staff satisfaction. Additionally, using self-certification to reduce administrative overheads for travel claims will likely yield an expected benefit of $1.4 million to $3.6 million. Lastly, implementing tools and practices in service management such as self-service, online tracking of requests, and automated routing will eliminate several stages of approvals and streamline the processing of requests, producing benefits of $0.8 million to $1.2 million. The total projected benefit from automating these three

functions is $2.3 million to $5.1 million, resulting from time saved by the service providers and administrators that had previously been dedicated to perform these tasks.

Table A.4
Central support services

	Baseline value	*Baseline (millions of United States dollars)*	*Change range (percentage)*	*Estimate (millions of United States dollars)*		*Productivity (P)/ efficiency (E)*
				Low range	*High range*	
Reduce time spent by travellers in travel-related activities (hours)	5.75 hours[a]	55.8[b]	30-50	16.7	27.9	P
Increase in gross income/cost recovery from services to the public and staff	not applicable	35[c]	10-20	3.5	7.0	E
New: Reduction of project management costs for capital construction projects	not applicable	5.2[d]	10-15[e]	.5	.8	E
New: Reduce time spent by service providers in request processing (in hours)	$46.75[f]	7.9[g]	10-15[e]	.8	1.2	P
New: Reduction in costs of processing lump sum	$70.12[h]	.28[i]	50-90	.1	.3	P
New: Reduction of admin time dedicated to travel claims	$70.12[f]	7.2[j]	20-50	1.4	3.8	P
Total				**23.1**	**40.7**	
Total 2009				**20.2**	**34.9**	
Delta between 2009 and 2010				**2.9**	**5.8**	

[a] 5.75 estimated hours per transaction, calculated by adding the following: planning and calculating costs: 2 hours; internal approvals: 1 hour; calls/e-mails, etc.: 1 hour; visa: 2 hours for 20 per cent of trips totalling 0.4 hours; medical: 2 hours for 10 per cent of trips totalling 0.2 hours; security: 0.5 hours for 25 per cent of trips totalling 0.15 hours; claims: 1 hour = 5.75 total.

[b] Based on 5.75 hours times an average rate of $95 per hour ($190,000 cost per full-time equivalent per year/2,000 hours per year) times 102,029 travels per year (based on travel units and sections from offices away from Headquarters, Headquarters and peacekeeping missions).

[c] Total gross revenue for commercial activities and cost recovery operations: $35 million a year for Headquarters, offices away from Headquarters and the Department of Peacekeeping Operations.

[d] Total cost of planning and management is 20 per cent of total annual investment ($26 million). Industry best practice for cost of planning and management of a project falls between 10 per cent and 15 per cent of total project costs.

[e] Construction project management industry benchmark.

[f] Annual cost per full-time equivalent is $93,500 ($46.75 per hour) for local United Nations employees. Hourly rates are calculated as the annual cost per full-time equivalent divided by 2,000 hours per year.

[g] There are 168,000 requests (88,000 facilities management requests, 80,000 information technology requests). $46.75/hour x 168,000 = $7,854,000.

[h] The average time to process a lump sum (including Executive Office, travel, and human resources) is 1.5 hours. The annual cost per full-time equivalent is $93,500 ($46.75 per hour) for local United Nations employees. (Hourly rates are calculated as the annual cost per full-time equivalent divided by 2,000 hours per year). Therefore, the cost of processing a lump sum or claim is $70.12.

[i] The annual number of lump sum requests is 4,000. At a cost of $70.12 per lump sum, total cost is $280,480.

[j] The annual number of travel claims is 102,000. At a cost of $70.12 per travel claim, total cost is $7,152,240.

Finance

10. The quantitative benefits and key inputs to the original benefits case for finance remain valid.

Table A.5
Finance

	Baseline value	*Baseline (millions of United States dollars)*	*Change range (percentage)*	*Estimate (millions of United States dollars)*		*Productivity (P)/ efficiency (E)*
				Low range	*High range*	
Work effort in accounts processing travel claims	87.8 FTE[a]	10.6[b]	20-30	2.1	3.2	P
Work effort in processing accounts payable (commercial)	114.7 FTE[a]	13.9[b]	10-20	1.4	2.8	P
Work effort in processing internal inter-office vouchers and billing	22.8 FTE[a]	2.1[b]	50-75	1.1	1.6	P
Work effort in processing and reconciling external inter-office vouchers (mainly UNDP)	25.0 FTE[a]	1.4[b]	25-40	0.4	0.6	P
Work effort in completing the year-end closing	33.0 FTE[a]	5.2[b]	10-20	0.5	1.0	P
Budget review process	55.9 FTE[a]	8.9[b]	5-10	0.4	0.9	P
Average percentage variance, positive or negative, between projected and actual cash flow	18%[c]	0.55[d]	50-75	0.3	0.4	E
Total				**6.2**	**10.5**	
There are no changes from 2009						

[a] The time currently required to complete activities was based on the outputs of the Umoja finance team surveys (February 2008 and June 2009), responses received from the United Nations Assistance Mission for Iraq, the United Nations Mission for the Referendum in Western Sahara, the International Trade Centre UNCTAD/WTO, the International Criminal Tribunal for Rwanda, the International Court of Justice, the Economic and Social Commission for Asia and the Pacific, the Economic and Social Commission for Western Asia, the Economic Commission for Latin America and the Caribbean, the Economic Commission for Africa, the United Nations Peacebuilding Support Office in the Central African Republic, the United Nations Integrated Office in Burundi, the United Nations Truce Supervision Organization, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Observer Mission in Georgia, the United Nations Office at Geneva, the United Nations Mission in Liberia, the United Nations Interim Administration Mission in Kosovo, the United Nations Interim Force in Lebanon and the United Nations Disengagement Observer Force.

[b] Based on the weighted average full-time equivalent cost utilizing a cost per international full-time equivalent of $190,000 per annum, a cost per local full-time equivalent of $93,500 per annum and a cost per national full-time equivalent processing inter-office vouchers of $34,000 per annum. The weighted average accounts for the time taken by each resource category performing the activities related to the benefit.

[c] Average reported variance based on the Umoja finance survey.

[d] Estimated using the following assumptions: $25 million of uninvested funds globally (finance value survey) and a treasury return-on-investment of 2.2-3.0 per cent ($25 million x 2.2 per cent = 0.55 million).

Annex II

Updated qualitative benefits

Supply chain/procurement/logistics

1. Umoja processes allow access to real-time global data, benefits of consolidation (such as volume discount) and reduced lead time. The system will also capture and analyse transportation data and effectively forecast and plan future transportation requirements.

2. Umoja will also bring qualitative improvement to contract management. Information about contracts will be more widely accessible, and use of key performance indicators will increase, improving the monitoring of vendor service quality and avoiding waste and misuse of United Nations resources. An integrated contract management system will reduce the number of expedited and ex-post facto cases, and last-minute contract extensions.

Central support services

3. Event management can be improved by automating and streamlining supporting processes. A meetings management system is being implemented in New York, Geneva, Vienna and Nairobi, and will be integrated with Umoja. Umoja will provide better customer service through increased availability of reliable, real-time information, as well as improved user experience for the participants through features such as online registration.

4. Services management needs an improved user experience for service requests. Currently, requests for many services in multiple locations use out-of-date systems, phone calls, e-mails, and often paper memorandums and forms. These processes lack transparency, progress, indicators and information on service-level agreement. Umoja will provide a standard system as well as electronic forms to request services, online tracking of status and easily accessible service-level agreement. The experience of the requestor will be greatly improved, saving time and increasing user satisfaction.

5. Travel management will benefit from an integrated global system that provides real-time analysis of travel information and costs. Users and travel managers will better understand industry trends, assess performance through standardized key performance indicators, access airline ticket prices and itineraries, see average costs per ticket, best routes, and costs per transaction. They will be able to monitor advance purchasing of tickets and access global price information to obtain more competitive airline rates, be able to forecast and plan travel, thus making more informed and cost-effective decisions, also reducing late processing of travel requisitions. The system will contain the United Nations travel rules and regulations to support compliance.

6. Facilities management will be improved through the optimization of real estate forecasting and planning, space utilization, and maintenance and repairs. Accurate information about available office and meeting space will enable the facilities managers to plan better, matching requirements forecast by users. Through integration with resource management activities such as inventory and human

resources, facilities managers will have improved control over and transparency in maintenance processes.

7. Umoja will support the United Nations commitment to energy sustainability, support of climate change agreements and reduction of the United Nations environmental footprint through reduced energy and water consumption and better waste management. The Umoja team is working with the Environment Management Group's Issue Management Group on Sustainability Management (coordinated by Sustainable United Nations, a United Nations Environment Programme-hosted facility) to ensure that Umoja supports the Group's objectives as well as its data and reporting requirements. Umoja will provide support for monitoring performance, thereby facilitating benchmarking among duty stations.

8. Qualitative benefits through improved programme and project management can also be achieved (see the section on finance, below).

Human resources

9. Umoja will handle more of the personnel administration of staff in smaller field offices currently being handled by the United Nations Development Programme (UNDP). This will provide improved reporting on their number, types, and personnel histories. Many of these staff members, like human resources personnel in both the Secretariat and UNDP, struggle to provide and/or receive human resources services owing to the ambiguous nature of their appointments between the two entities. Through this change, the level of satisfaction and service delivery is expected to improve for all concerned. Other improvements include better planning, more efficient processing of payments and increased transparency.

Technology and data management

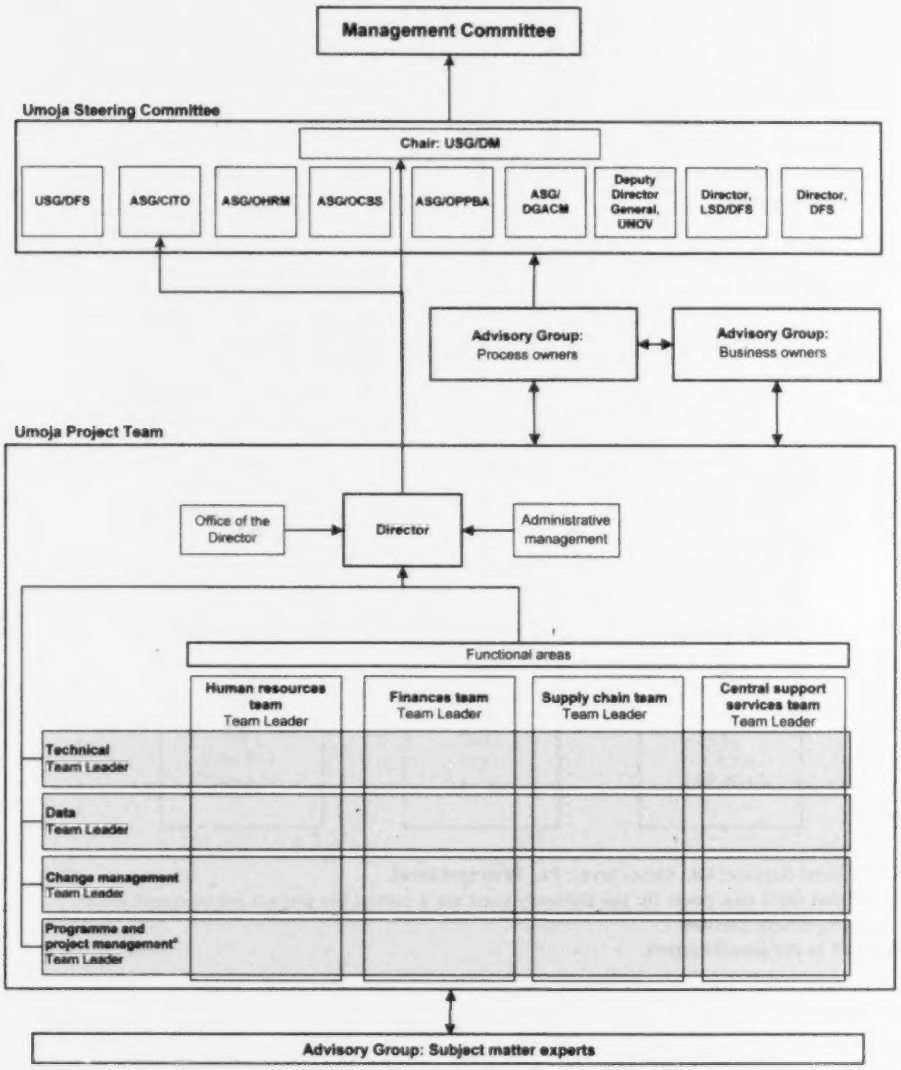
10. The benefits associated with the integration of disparate systems previously identified remain valid.

Finance

11. Programme and project management can be standardized and integrated with Umoja's human resources, central support services, and supply chain functions. Umoja will provide transparency and control, and will reduce administrative overhead. For the realization of this benefit, it is important that the user community has skills in programme and project management and knowledge of results-based management.

Annex III

Updated Umoja governance framework

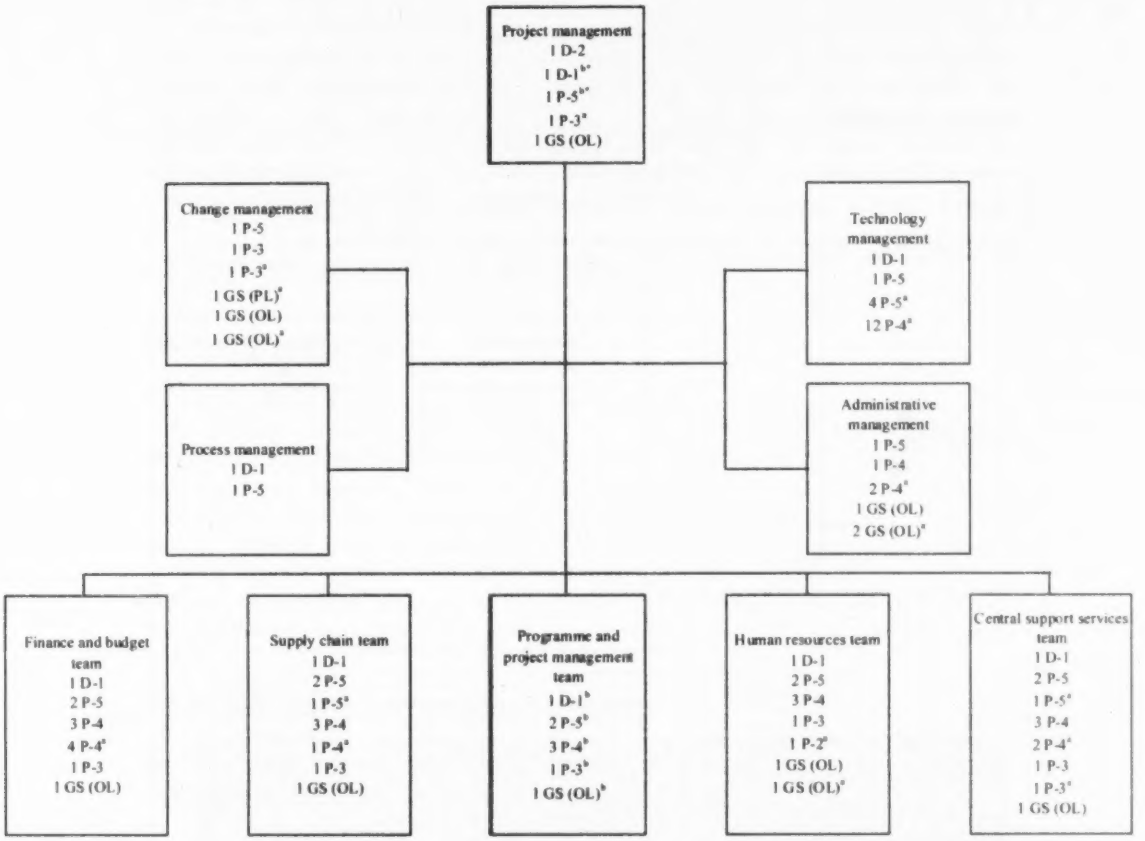


Abbreviations: ASG, Assistant Secretary-General; CITO, Chief Information Technology Officer; DFS, Department of Field Support; DGACM, Department for General Assembly and Conference Management; DM, Department of Management; LSD, Logistics Support Division; OCSS, Office of Central Support Services; OHRM, Office of Human Resources Management; OPPBA, Office of Programme Planning, Budget and Accounts; UNOV, United Nations Office at Vienna; USG, Under-Secretary-General.

[a] The present report proposes creating a cross-cutting programme and project management work stream.

Annex IV

Organizational structure and post distribution for 2011



Abbreviations: GS, General Service; OL, Other level; PL, Principal level.

* It should be noted that the 2 new posts for the Delivery team are a part of the project management office.

[a] Approved at the sixty-fourth session.

[b] New posts proposed in the present report.